



January 31, 2006

Patrick Rowe
Jefferson Plaza 2, Suite 10800
1421 Jefferson Davis Highway
Arlington, VA 2202-3259

Dear Mr. Rowe:

The United States Postal Service appreciates the opportunity to respond to The Committee for Purchase From People Who Are Blind or Severely Disabled's proposed rule-making notice contained in the December 16, Federal Register, and concerning "Nonprofit Agency Governance and Executive Compensation." We would also like to thank Kim Zeich, Director, JWOD Business Development for her December 22, request that the Postal Service, as a very large customer of the JWOD Program, review this announcement and provide testimony or written comments. The following are our comments.

Although the announcement asks that interested parties only address questions listed in the notice, in the interest of brevity, we have reviewed the notice and provide the following general comments.

The Federal Register notice is aimed at establishing governance and executive compensation policies for nonprofits and Central Nonprofit Agencies; a further goal seems to be to set rules that ensure that executive compensation is not set so high that they affect the prices paid by Federal agencies for the Committee's products. This implies that rates of executive compensation have had significant impact on the prices paid by the agencies, and for an institution like the Postal Service, which is subject to competition from companies who do not have to purchase supplies and services from the Procurement List; this is an important consideration.

Therefore, we are concerned that the notice's language draws a direct relationship leading from executive compensation to the establishment of a fair and reasonable price. This could lead one to assume that the commodities and services provided in accordance with the JWOD Act should be provided on a cost or cost plus basis. The Act, however, states that the Committee sets prices based on "fair market price" or market conditions. In this light, we believe that the Committee should consider market forces – particularly the pricing employed by similar organizations providing similar goods and services – more important than matters such as executive compensation when setting prices.

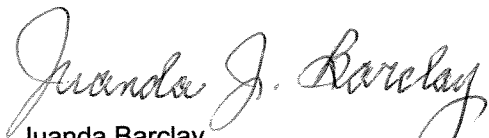
That being said, the Postal Service commends the Committee for addressing this and associated governance issues with nonprofit firms and agencies under its guidance. We believe that many of the nonprofits operating under the Committee's guidance are not only competitive but first-class. Others are in need of the Committee's assistance. We therefore commend the Committee's ongoing work in this regard.

The Postal Service does ask that the Committee place similar emphasis on establishing mechanisms and practices to ensure that "Fair Market Prices" be consistently and reliably established for the commodities and services which nonprofits under its guidance provide. In recent years, the Postal Service has worked with the Committee and its Central Nonprofit Agencies to moderate the price of commodities on the Procurement List when the proposed price of these items exceeded market

prices by 25% (and in some circumstances more than 35%), and we encourage the Committee to further consider the means to establish the Fair Market Prices required by the Act.

Excessive cost structures due to excessive executive compensation and poor governance are probably best revealed in the light of the competitive market place. The market may thus be a good test of appropriate executive compensation. Nonprofit Boards and their executives who provide value and a Fair Market Price for the commodity or service certainly earn their compensation. By the same token, those that fail to provide their firm's commodity or service at a Fair Market Price unduly burden agency budgets and expose the JWOD program to question.

Sincerely,

A handwritten signature in cursive script that reads "Juanda J. Barclay". The signature is written in dark ink and is positioned above the printed name and title.

Juanda Barclay
Manager, Supply Management Infrastructure